

**REMARKS**

Claims 1-9, 11-23 and 25-27 remain pending in the application. The pending claims are under final rejection.

Claims 10 and 24 are canceled herein without prejudice.

We reserve the right to present these and similar claims in one or more continuing applications. And we expressly traverse the outstanding (now moot) rejection of these claims. These claims are being canceled merely to simplify issues on appeal.

Entry of this amendment is believed proper since it only cancels claims. See, e.g., 37 CFR 41.33(b)(1).

The application is believed to be in condition for allowance for at least the reasons noted in the accompanying Appeal Brief.

The Examiner is invited to telephone the undersigned at 503-469-4685 with any questions.

Date: May 15, 2006

Respectfully submitted,

Customer No. 23735

DIGIMARC CORPORATION

Phone: 503-469-4685

By

FAX: 503-469-4777



Steven W. Stewart  
Registration No. 45,133